

VZCZCXRO9306

PP RUEHBC RUEHKUK RUEHROV

DE RUEHTV #1671/01 1590607

ZNY CCCCC ZZH

P 080607Z JUN 07

FM AMEMBASSY TEL AVIV

TO RUEHC/SECSTATE WASHDC PRIORITY 1518

INFO RUEHXK/ARAB ISRAELI COLLECTIVE PRIORITY

RUEHEE/ARAB LEAGUE COLLECTIVE PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 001671

SIPDIS

SIPDIS

E.O. 12958: DECL: 06/06/2017

TAGS: [PREL](#) [PINR](#) [SY](#) [LE](#) [KPAL](#) [IS](#)

SUBJECT: PM OLMEERT WELCOMES ACTION ON IRAN, INVESTMENT AGREEMENT, FROM CODEL WEXLER AND FLORIDA GOVERNOR CRIST

Classified By: Charge d'Affaires Gene A. Cretz for reasons 1.4 (b/d).

¶1. (C) SUMMARY: Rep. Robert Wexler (D-Fl) and Florida Governor Charlie Crist met with Prime Minister Ehud Olmert on May 31 as part of a broad mission to expand trade and political relations between Israel and the State of Florida. At the top of the agenda was the Florida legislature's recent decision to require divestment of public funds from companies that do business with Iran. This met with strong support from Olmert and other GOI officials, who encouraged Florida to press other states and the U.S. Congress to do the same. The delegation also made considerable advances in finalizing a memorandum of understanding for joint economic development, and both sides plan to sign a USD 20 million agreement in October. Codel Wexler met separately with Minister of Trade Eli Yishai, Deputy Prime Minister Shimon Peres, and opposition leader Benjamin Netanyahu. Foreign Minister Tzipi Livni discussed ongoing attacks from Gaza with the delegation, and was guardedly optimistic about the future of the Arab League proposal for normalization of relations with Israel. END SUMMARY.

Florida Takes a Stand Against Iran (and Sudan)

¶2. (U) Codel Wexler and a trade delegation led by Governor Crist discussed legislation to require divestment from Iran in a May 31 meeting with PM Olmert. The law, which would prohibit investment of public funds in the energy sectors of Iran and Sudan, was approved by the Florida legislature earlier this month and will be signed into law upon the Governor's return. The bill aims to pressure Iran to abandon its nuclear program by raising the costs to private companies (mostly European) of doing business in Iran. (NOTE: Florida's pension fund for public employees is the third largest in the United States and is worth over USD 1 billion. END NOTE.) Wexler expressed strong support for the legislation, and Crist promised to send a letter to his fellow governors asking them to follow suit. Olmert expressed his personal gratitude to Crist for taking such a strong stand, and for making Israel the site of his first international visit since taking office in January.

¶3. (C) In an earlier meeting, Benjamin Netanyahu, leader of the opposition Likud party, said that "time is running out" on Iran. Netanyahu personally hosted a conference call with Florida legislators during discussion of the bill, and promised to encourage New York and California, as well as other states and cities with significant public investment funds, to follow Florida's lead. Netanyahu said that the West had three years, possibly less, before Iran's "apocalyptic sect" acquired nuclear weapons. "Mutually assured destruction will not work with Iran," he argued. "They mean it and they'll do it." Nevertheless, Netanyahu expressed his belief that Iranian President Mahmoud

Ahmadinejad is weak and that pressure on Europe to divest could be more effective than sanctions through the UN Security Council. Netanyahu compared Florida's efforts to the earlier divestment campaign against the apartheid regime in South Africa, and said that in cases of genocide or potential genocide it was justified to interfere with the free market. Rep. Ileana Ros-Lehtinen (R-FL) added that she sponsored a similar divestment bill in Congress targeting federal accounts worth trillions of dollars.

¶4. (C) Olmert also backed Florida's decision to include Sudan in the legislation, and said that he would be conducting a meeting in the coming week to decide the fate of Darfur refugees arriving in Israel. "They are not coming here in the right way," explained Olmert, "but because of our history we can't just kick them out." The Prime Minister shared a story of how, at the urging of his wife, the Israeli and Egyptian authorities were able to reunite a family of Darfur refugees who had been separated at the Sinai border.

Israel, Florida Near MOU on Economic Cooperation

¶5. (U) Olmert expressed enthusiastic support for a memorandum of understanding between Florida and Israel for bilateral cooperation in private sector industrial research and development, noting that he was involved in the early stages of the negotiations during his tenure as Minister of Industry, Trade, and Labor. The two sides are currently ironing out details in the area of life sciences, and plan to sign the final version in October. Gov. Crist invited Olmert to a signing ceremony in Florida, and extended the same offer to current Minister of Industry, Trade, and Labor, Eli

TEL AVIV 00001671 002 OF 003

Yishai. The Prime Minister noted that Israel's thriving hi-tech sector had its start in the Binational Industrial Research and Development Foundation established with the United States in 1977, and hoped for similar results from this agreement. The proposed MOU would create a fund of USD 20 million over five years with equal contributions from the governments of Florida and Israel.

¶6. (U) In a May 29 meeting, Foreign Minister Tzipi Livni told the delegation that issues of security and economic development were closely linked. "We need to answer future generations by countering outside threats while continuing to strengthen our economy," said Livni. Wexler congratulated Israel on being invited to join the Organization for Economic Cooperation and Development (OECD). Ros-Lehtinen reminded Livni that she had authored a resolution in Congress in support of Israel's full membership in the OECD. Olmert also noted this milestone, boasting that it reflected Israel's strong economic growth despite ongoing security concerns and the Second Lebanon War.

¶7. (U) On May 30, Deputy Prime Minister Shimon Peres told the delegation that economic development was the key to lasting peace. Peres detailed his plans for an "Economic Peace Corridor," involving Israel, Jordan, and the Palestinians. He expressed reservations about his current candidacy for the presidency, saying it would take him away from advancing the Peace Corridor. On relations with the Palestinians, Peres said that Israel had given land for peace in Gaza, but had not received peace. The Muslim world is now split between moderates and extremists, argued Peres, and it is critical that the Western states restore the Atlantic alliance and present a joint position on Iran and other radical states.

FM Livni Looks for Peace in Small Steps

¶8. (C) At the delegation's May 29 meeting with the Foreign Minister, Livni expressed her belief that there is greater

understanding in the Arab world that "Israel is not the enemy anymore." On May 10, Livni met with representatives of the Arab League to discuss details of their proposed peace plan, and suggested that the Arab League does not have to wait for a final peace to begin normalization with Israel. In her view, the Arab states could provide Israel with its own "political horizon" by offering incremental improvements in relations. "The Arab League supports the bilateral process, but should not dictate the outcome," said Livni. "We have to translate this into action but in this region, perception matters and we can't say everything we think," she continued, electing not to elaborate further.

¶ 9. (C) Despite ongoing clashes in the Gaza Strip, Livni emphasized that "stagnation is not our policy." According to Livni, Israel is being used as a common enemy by factions in Gaza, and is compelled to answer the security needs of its citizens. Livni said the GOI will keep the pressure on the Hamas-led government, while continuing to meet with moderates to seek incremental improvements. In Livni's view, to attempt a final status agreement at this time would invite failure and provide the terrorists the excuse they need to reject compromise. Livni described relations with Egypt as "up and down" when it comes to controlling smuggling routes along the Gaza border. Hamas is able to use the situation to maintain a supply of money, weapons, and information. Any ceasefire only helps Hamas, said Livni, allowing them to rearm and choose the timing of their next attack against Israel. Egypt must understand, she continued, that Hamas and its ties to the Muslim Brotherhood are also a threat to Egypt.

¶ 10. (C) On the question of an international force in Gaza, Livni said that the current performance of UNIFIL in Lebanon is a test case. The situation on the southern Lebanese border has improved greatly, said Livni, but there is no enforcement on the border with Syria. She predicted that Israel would press for an expansion of UNIFIL's mandate when UN Security Council Resolution 1701 expires in August. In Gaza, Livni said the GOI is currently contemplating whether to support deployment of an international force along the Philadephia Corridor on the border with Egypt.

¶ 11. (U) Codel Wexler did not have an opportunity to approve this cable prior to departure.

Visit Embassy Tel Aviv's Classified Website:
<http://www.state.sgov.gov/p/nea/telaviv>

You can also access this site through the State Department's

TEL AVIV 00001671 003 OF 003

Classified SIPRNET website.

CRETZ